

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended weaker on Tuesday as they felt the brunt of hawkish Fed speaks by several officials that included Bullard, Brainard and Williams. The upcoming heavy corporate issuance calendar that included announcement of Amazon's ~\$8.25b multi-tranche bond sale also weighed on the curve. The curve shifted higher with the overall benchmark yields rose between 3-5bps across. Nevertheless news on lower inflation in Germany helped stem the fall. **The benchmark UST 2Y yield rose 3bps to 4.47% whilst the much-watched UST 10Y jumped the most by 5bps to 3.73%.** CME Fedwatch tool is projecting a 66% chance of a 50bps rate hike in the Fed Funds Rate to between 4.25-4.50% and a 34% probability of a 75% rise instead. Investors were seen bidding aggressively for longer-dated T-Bills whilst trying to take advantage of higher short-term yields. Meanwhile, expect attention to shift to private payroll processor, ADP's November employment numbers tonight followed by the PCE inflation data tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.47	3
5-yr UST	3.91	4
10-yr UST	3.73	5
30-yr UST	3.76	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.81	-1	3.95	6
5-yr	4.00	4	4.05	1
7-yr	4.13	5	4.18	-3
10-yr	4.12	2	4.22	-2
15-yr	4.31	-1	4.45	-5
20-yr	4.43	-7	4.48	-14
30-yr	4.56	-3	4.79	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.83	3
3-yr	3.90	2
5-yr	3.97	2
7-yr	4.06	0
10-yr	4.17	2

Source : Bloomberg

MGS/GII

- Local govies saw the longer-ends better-bid on Tuesday, with the short-to-mid tenures however succumbing to some profit-taking following several earlier sessions of positive movements. Levels were partly influenced by higher IRS levels. Overall benchmark MGS/GII yields closed mixed between -14 to +6bps across, amid a 71% jump in secondary market volume @ RM2.88b. **The benchmark 5Y MGS 11/27 yield rose 4bps higher to 4.00% whilst the 10Y MGS 7/32 edged 2bps up 4.12%.** Interest was mainly seen in the off-the-run 23's and benchmark 5Y MGS, 30Y GII. GII transactions rose to form 28% of overall trades. The RM2.5b 30Y GII auction saw decent participation by real-money investors with BTC at 2.243x and awarded at 4.768%. Expect attention to shift to the PMI manufacturing data release tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw investor interest spike with interest mainly between the GG-AA part of the curve, as yields closed mostly mixed again. Overall secondary market volume almost tripled to RM507m whilst total number of trades above RM500k eased slightly to 24. The gov-guaranteed space was dominated by DANA with the 6/36 tranche rising 6bps to 4.59% whilst the 2052 tranches declined 3-5bps to between 4.90-92%. AAA-rated TNB 6/47 rallied with yields closing 21bps lower at 5.26% whilst the 6/37 tranche eased 10bps to 5.04%. In the AA-space, MMC Corp made its maiden trade; 5bps lower than its coupon issued at 5.40%. GENTING Capital however jumped 33bps higher to 5.15%. Meanwhile, the banking/finance space saw BPMB 10/30 settle 17bps higher at 4.72% whereas Bank MUAMALAT 32NC27 declined 16bps instead to 4.96%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/23	2.880	392	2.730	25/11/2022	15
MGS	04/23	3.060	765	2.791	24/11/2022	27
MGS	08/23	3.179	145	3.037	25/11/2022	14
MGS	06/24	3.504	19	3.545	25/11/2022	-4
MGS	07/24	3.552	9	3.541	25/11/2022	1
MGS	09/24	3.567	7	3.574	25/11/2022	-1
MGS	03/25	3.811	50	3.820	25/11/2022	-1
MGS	09/25	3.900	10	3.896	25/11/2022	0
MGS	07/26	3.953	3	3.950	25/11/2022	0
MGS	11/26	3.914	22	3.941	25/11/2022	-3
MGS	05/27	3.955	30	4.006	25/11/2022	-5
MGS	11/27	4.002	214	3.966	25/11/2022	4
MGS	06/28	4.130	17	4.109	25/11/2022	2
MGS	04/29	4.125	20	4.079	25/11/2022	5
MGS	08/29	4.169	17	4.179	25/11/2022	-1
MGS	04/30	4.054	1	4.140	25/11/2022	-9
MGS	04/31	4.166	9	4.188	25/11/2022	-2
MGS	06/31	4.261	2	4.268	25/11/2022	-1
MGS	04/32	4.316	5	4.616	10/11/2022	-30
MGS	07/32	4.122	130	4.104	25/11/2022	2
MGS	04/33	4.250	2	4.443	23/11/2022	-19
MGS	07/34	4.303	3	4.444	25/11/2022	-14
MGS	04/37	4.310	12	4.319	25/11/2022	-1
MGS	05/40	4.491	14	4.507	25/11/2022	-2
MGS	10/42	4.430	138	4.496	24/11/2022	-7
MGS	09/43	4.601	1	4.656	22/11/2022	-5
MGS	03/46	4.546	5	4.739	24/11/2022	-19
MGS	06/50	4.559	27	4.586	25/11/2022	-3
GII	05/23	3.102	260	2.818	24/11/2022	28
GII	11/23	3.119	21	3.046	23/11/2022	7
GII	05/24	3.576	1	3.592	23/11/2022	-2
GII	08/25	3.820	21	3.970	21/11/2022	-15
GII	10/25	3.951	15	3.896	25/11/2022	6
GII	09/27	4.046	12	4.030	24/11/2022	2
GII	07/29	4.182	51	4.208	25/11/2022	-3
GII	10/30	4.280	20	4.287	25/11/2022	-1
GII	10/32	4.218	25	4.236	25/11/2022	-2
GII	03/38	4.453	10	4.507	25/11/2022	-5
GII	09/39	4.477	4	4.713	01/11/2022	-24
GII	09/41	4.480	4	4.617	24/11/2022	-14
GII	05/52	4.790	365	4.800	25/11/2022	-1
			<u>2878</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
DanaInfra Nasional Berhad	05/36	GG	4.590	10	4.530	07/09/2022	6	24
DanaInfra Nasional Berhad	08/52	GG	4.900	5	4.950	24/11/2022	-5	43
DanaInfra Nasional Berhad	11/52	GG	4.920	5	4.950	24/11/2022	-3	45
Cagamas Berhad	05/23	AAA	3.568	10	3.491	17/11/2022	8	36
Danga Capital Berhad	01/24	AAA	3.853	10	3.794	15/11/2022	6	65
Pengurusan Air SPV Berhad	06/27	AAA	4.397	10	4.512	24/11/2022	-11	42
Danga Capital Berhad	09/27	AAA	4.385	5	4.237	13/06/2022	15	41
Manjung Island Energy Berhad	11/29	AAA	4.689	5	3.924	25/02/2022	77	61
Bank Pembangunan Malaysia Berhad	10/30	AAA	4.718	10	4.547	13/06/2022	17	62
Sarawak Petchem Sdn Berhad	07/35	AAA	5.059	2	5.159	07/10/2022	-10	71
Tenaga Nasional Berhad	11/36	AAA	5.045	4	4.792	22/09/2022	25	69
Tenaga Nasional Berhad	06/37	AAA	5.038	5	5.141	24/11/2022	-10	69
Sarawak Petchem Sdn Berhad	07/37	AAA	5.169	1	5.239	15/11/2022	-7	82
Tenaga Nasional Berhad	06/47	AAA	5.260	45	5.469	18/10/2022	-21	79
Genting Capital Berhad	06/27	AA1	5.151	50	4.822	13/10/2022	33	118
UEM Sunrise Berhad	09/25	AA-	5.342	1	5.338	25/11/2022	0	152
MY E.G. Services Berhad	11/27	AA-	5.849	2	5.850	24/11/2022	0	187
Press Metal Aluminium Holdings Berhad	10/24	AA3	4.182	2	4.241	14/11/2022	-6	61
MMC Corporation Berhad	11/29	AA-	5.350	300	-	-	535	127
Malaysian Reinsurance Berhad	10/32	AA3	4.868	2	5.157	25/11/2022	-29	74
Malayan Banking Berhad	02/17	AA3	4.567	13	4.706	16/11/2022	-14	9
Bank Muamalat Malaysia Berhad	07/32	A3	4.962	10	5.125	19/09/2022	-16	84
YNH Property Berhad	08/19	-	6.021	1	5.903	19/10/2022	12	155
LBS Bina Group Berhad	03/20	-	5.945	1	6.138	23/11/2022	-19	147
				<u>507</u>				

*spread against nearest indicative tenured MGS (Source: BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Alliance Bank Malaysia Berhad	Financial Institution ratings	A1/Stable/P1	Reaffirmed
	RM500 million Commercial Papers Programme (2022/2029)	P1	Reaffirmed
	RM1.5 billion Senior Medium-Term Notes Programme (2015/2045)	A1/Stable	Reaffirmed
	RM2.0 billion Subordinated Medium-Term Notes Programme (2015/2045)	A2/Stable	Reaffirmed
	RM1.0 billion Additional Tier-1 Capital Securities Programme (2017/-)	BBB1/Stable	Reaffirmed
Alliance Islamic Bank Berhad	Financial Institution Ratings	A1/Stable/P1	Reaffirmed
	RM300 million Islamic Commercial Papers Programme (2019/2026)	P1	Reaffirmed
	iii. RM2.5 billion Perpetual Sukuk Programme (2019/-):		
	- RM1.2 billion Senior Sukuk Murabahah	A1/Stable	Reaffirmed
- RM800 million Tier-2 Sukuk Murabahah	A2/Stable	Reaffirmed	
- RM500 million Additional Tier-1 Capital Sukuk Wakalah	BBB1/Stable	Reaffirmed	
Alliance Investment Bank Berhad	Financial Institution Ratings	A1/Stable/P1	Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.